

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 730 - HB 1338**

March 14, 2011

**SUMMARY OF BILL:** Authorizes the unincorporated areas of Shelby County to sell alcohol for on-premises consumption.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue – \$2,700/One-Time/ABC Fund  
\$1,400/Recurring/ABC Fund  
\$60,000/Recurring/General Fund**

**Increase State Expenditures – Not Significant**

**Increase Local Revenue – \$9,400/Recurring/Permissive  
Increase Local Expenditures – Not Significant**

**Assumptions:**

- There is a \$300 initial license application fee and a \$150 minimum annual fee to the State Alcoholic Beverage Commission (ABC) Fund.
- According to the Shelby County Clerk's office, nine permits were issued for the on-premises consumption of beer in 2010 in the unincorporated areas of Shelby County.
- There will be nine permits issued for the sale of liquor-by-the-drink in the unincorporated areas of Shelby County resulting in a one-time increase to state revenue of \$2,700 (\$300 x 9 permits) and a recurring increase to state revenue of \$1,350 (\$150 x 9 permits).
- No additional personnel or resources will be required by the ABC.
- Local privilege tax is estimated to be \$150. Any increase in local government expenditures for collecting local privilege taxes is estimated to be \$1,350 (\$150 x 9 permits).
- Newly licensed entities will be assessed state and local sales taxes on alcoholic beverage sales, a 15 percent liquor-by-the-drink tax on each alcoholic beverage sold, and any applicable county or city privilege tax.
- According to the Department of Revenue, there will be an increase to state revenue as a result of the sales tax and liquor-by-the-drink tax of approximately \$60,000. The increase to local revenue as a result of the local option sales tax will be \$8,000.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

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